The Honorable Todd Rokita
Indiana Secretary of State

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Securities Division

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Money Skills for Newlywed Couples

The Office of the Indiana Secretary of State
Securities Division

FROM THE INDIANA SECRETARY OF STATE

Dear Newlyweds:

The transition from a single adult to part of a married couple is a monumental life change. It is the coming together of two separate lives and two separate financial histories. There will be shared responsibilities and many personal and financial decisions to make.

It is never too early for couples to discuss financial planning since attitudes about money and spending habits can be very different. The key to success is discussing finances before complications arise. Having the financial resources to deal with the unexpected will be as important as developing the communication skills needed to talk about financial matters. It is important that couples discuss financial matters early in a marriage as well as decide what they want to start saving and investing for five to ten years down the road – a home, a new car, their children's education or early retirement.

The purpose of this guide is not to tell you how to invest your money, but to provide information to help you make intelligent and worthwhile investment choices.

Congratulations and best wishes as you invest in your future together.

Sincerely,

Todd Rokita

Todd Rokita
Indiana Secretary of State

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USEFUL INVESTOR EDUCATION LINKS AND RESOURCES

Indiana Secretary of State's Office www.IndianaInvestmentWatch.com
Securities and Exchange Commission www.sec.gov
Federal Trade Commission www.ftc.gov
North American Securities Administrators Association www.nasaa.org
New York Stock Exchange www.nyse.com
Investor Protection Trust www.investorprotection.org
National Association of Securities Dealers www.investor.nasd.com
Alliance for Investor Education www.investoreducation.org
Federal Consumer Information Center www.pueblo.gsa.gov
U.S. Financial Literacy and Education Commission www.mymoney.gov
AARP www.aarp.com
The Council for Better Business Bureaus www.bbb.org
Microsoft's Money Central www.moneycentral.com
VISA's Practical Money Skills for Life www.practicalmoneyskills.com
Choose to Save www.choosetosave.org

INVESTOR BASIC TRAINING
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If You Have Been A Victim

If you have been the victim of investment fraud of any kind, you can report it to the Secretary of State's office by calling 800.223.8791 or by going online to www.IndianaInvestmentWatch.com and choosing 'File A Complaint.' The Secretary of State's office will try to recover your lost assets, if possible, and determine if an illegal action took place. Your report will also help to protect other consumers who could be vulnerable to similar schemes.

Common Types of Fraud

- Ponzi Schemes
- International Prime Bank Schemes -*Royal Meridian Bank*
- Affinity Fraud - *The Church of God, Inc.*
- Promissory Notes - *James Carpenter*
- Unscrupulous Brokers - *Poor advice & Unsuitable investments*
- Senior Fraud –*Unsuitable annuities; Viaticals; Promissory notes*
- Insurance Agents/Unlicensed Agents - *Any agent selling securities must be licensed through the Secretary of State's Office*

Signs of Fraud—Outrageous Promises

- Double your money in ninety days!
- This is a risk-free guarantee.
- High reward with low risk.
- You are lucky to be getting in on the ground floor.

Signs of Fraud—Financial Professionals

- Unsuitable investments
- Poor investment advice
- Fraudulent broker acts
- Insurance agents/unregistered agents

Signs of Fraud—Investment Myths

- High reward with no risk.
- Scams do not happen to smart people.
- .com and pharmaceutical companies are a sure bet.
- This investment is guaranteed/insured.
- No written information is available.
- No securities license or registration is necessary to sell this.

Signs of Fraud—Red Flags

- This offer is only good today/this is a limited-time opportunity.
- Your credit card and checking account number are required.
- This is only available to a select group.
- I get nothing out of this deal.
- Do not tell anyone -- not even family.
- I will come to you; you don't have to come to me.
- Foreign banks pay great interest rates / have no taxes associated with them.
- This is "insider" information.

MONEY SKILLS FOR NEWLYWED COUPLES

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BEFORE YOU GET MARRIED

CONSIDER THE FOLLOWING IMPORTANT DECISIONS BEFORE PREPARING A FINANCIAL PLAN:

Ten Questions to Ask Before Saying 'I Do'

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June 2, 2005
Written by: Erin Burt

Planning a trip down the aisle? Make a date to discuss your financial future first. Here are ten questions every couple should cover before tying the knot.

Congratulations, you've found Mr. or Ms. Right, fell in love, and now the Big Day is right around the corner. If you're planning to say "I do" during this traditional wedding month, save yourself some arguments later by talking about your money now.

More important than the cake, flowers or even the invitations is preparing for your financial future together. Make a date to sit down, discuss your goals and expectations and come up with a plan for an effective merger of your financial lives. It may not sound romantic, but considering that quarreling over money is one of the biggest causes of marital discord, a money talk may be just what Cupid ordered.

"Financial dates are a great way for couples to set priorities, build trust and increase marital bliss," says Jennifer Openshaw, chief executive of FamilyFN, a Los Angeles company that provides financial advice. "Probably the biggest mistake couples make is not talking about money. It's really about setting aside time so you can both plan for your hopes and dreams."

1. **Where would you like to be in five or ten years?** This question is the best way to start a money conversation, says Openshaw. For example, does one of you want to go back to school, start your own business or own a vacation home? And if you plan to raise a family, how many children and when? Would you both continue working, or would one spouse want to quit and stay home with the kids? Discussing your hopes and dreams together will help you set priorities and identify savings goals.

BEWARE OF INVESTMENT FRAUD

Most investments are legitimate and the majority of sales people are honest. However, fraud is always a possibility, even with regulated investments.
Con artists attempt to steal money by selling nonexistent or worthless investments, using misleading information and lies.

Beware of the following:
High pressure sales tactics
Offers good for today only
Very high profits with little or no risk
Inside or secret information
Unusual arrangements for collecting funds from investors
Delayed delivery of products or profits

Remember:
If it sounds too good to be true, it probably is.
High return always means high risk.

Profile Of A Con Artist

Have I got a deal for you! I can double your money in just ninety days, guaranteed. What? You don't trust me? You think this must be some type of scam right? Well, you're right. Put your money back in the bank because you're not getting rich overnight.

In 1920, a man named Charles W. Ponzi invented a phony investment plan that promised investors enormous profits. He lived up to this promise initially with the first few investors who got others to sign on. But in just a few months, the shady con artist was indicted on multiple fraud counts. The simplicity and grand scale of his scheme became linked to a type of fraud, now commonly referred to as a "Ponzi scheme." Still, before Charles Ponzi's investment scheme collapsed, an estimated 40,000 people had entrusted an estimated fifteen million dollars (about $140 million in U.S. funds today) in Ponzi's scheme.

Ponzi schemes are still widely used today. Unfortunately, being able to spot a con artist isn't getting any easier than it was back in 1920. Con artists come from very diverse backgrounds, and no two have the same sex, ethnicity, education or economic situation. What does set a con artist apart is the natural ability to manipulate people, often without any guilt or remorse. They are self-educated, know how to be sociable and charm others, and can make many people trust them after only a few minutes of conversation.

It's important to know that con artists choose their victims carefully. Con artists will stalk anyone whose weakness can be used as an advantage, which is why they often prey on the elderly, who tend to be more vulnerable and easily persuaded. Read below to learn about common types of fraud and to see the phrases a con artist might use to lure you in.

The Time Value of Money

**Taken from the article, "Get Rich Slowly" written by Chris Cooper*

If you just graduated from college or are about 22 years old and put $100 a month in an IRA that grows at 10% a year, you will have around $865,000 at age 65 when you retire. So for putting aside about $23 a week or $3.30 a day you will be close to being a millionaire.

If you contribute the full $4000 a year allowed right now (rising to $5000 in 2008), you would have $2,600,000. For about $11.00 a day, you would have a small fortune.

If you didn't take your chance with the stock market (because it does go down sometimes), you would still have over $600,000 if you could get a 5% return.

Time and the power of compound interest are on your side. It is crucial to start thinking about retirement as young as possible. Every day you procrastinate is another day your money is not working for you.

However, most new couples need money for other important things, like students loans to pay off, children to raise, and a mortgage. But if you prioritize your life and stick to a budget, $11.00 a day is definitely doable. Consider that most Americans save only one and a half percent of their income each year, thus having to work part-time jobs well into their late retirement years. If you save and invest, other people are paying you to use your money.

It gets much more difficult to amass wealth as you get older. If you wait until you are 32 and put away $4000 a year at 10% interest, you would have about $975,000, still a great amount, but less than half of what you would have had if you'd started ten years earlier - $2,600,000.

At age 42, you'd only be able to accumulate approximately $350,000. If you're 50 and can start putting $5000 (those over 50 are allowed "catch up contributions") away today, you'll have around $175,000 when you retire at age 65.

Everyone knows that Social Security is not going to allow for a comfortable retirement. Even if the plan can continue to pay out forever, which is extremely questionable right now, the money you receive will be far from generous and is subject to taxation.

If you have a Roth IRA, you can withdraw the money tax-free after age 59 ½. Imagine having a million tax-free dollars you can play with. It will well make up for the small sacrifices you have made over the years to get there. No matter what your age or the amount of money you can contribute to a retirement account, start saving what you can now. Even if you only amass $100,000, you will be much better off than most people who are entering retirement today.

2. **What are our assets and liabilities?** Before you can create an effective strategy to reach your goals, each person should fill out a net worth worksheet, detailing his or her assets and liabilities. Once you know where you stand right now, it's much easier to move forward.

   And if you haven't discussed it already, now may also be a good time to bring up a prenup. A prenuptial agreement spells out how assets will be distributed in the event of a divorce. With about one-third of first marriages and half of second marriages ending in divorce, it makes sense to protect your financial interests.

   Prenups aren't just for the super-rich. If either of you owns a home or has investments, owns a business, plans to support the other through school, or you have children from a previous marriage, you probably need a prenup.

   Make sure you broach the subject with your partner as soon as possible. It may not be the most romantic discussion, but better now than bringing it up the night before the wedding.

3. **Should we keep our finances separate or combine them?** Some couples relish the unity and trust that joint accounts foster, while others prefer more freedom and autonomy by maintaining separate accounts. Or you can have both -- some couples set up a joint account for household expenses, to which both people contribute based on their income while keeping separate accounts for personal spending.

   The key is to find a system that works for you. Make sure you consider your individual money styles. If you are a saver and your partner is a spender, for example, you might find managing an all-purpose joint account too nerve wracking and opt for a combo approach or separate accounts entirely.

4. **What about our investments?** Whether or not you choose to combine your investment accounts is, again, entirely up to you. (Note: You cannot open joint IRAs or 401(k)s, though you can change beneficiary information.)

   Nevertheless, it's important to view your portfolios as a whole to make sure you aren't overlapping. If you both hold shares of the same stock, for example, you could be placing yourselves at risk should anything happen to the company.

5. **How will we handle daily spending decisions?** One of the first tasks newly weds should tackle is creating a budget. Sit down together and plot out how much you expect to spend on groceries, clothes, eating out and other household expenses.

"Budget" doesn't have to be a four-letter word -- think of it as a means to reaching your goals. You should also take this time to discuss other spending issues, such as how much each of you can spend without consulting the other. You probably don't want to discuss every $5 purchase, but you don't want to come home from work and unexpectedly find a new Mercedes in the driveway, either.

6. **Who will be responsible for paying the bills and preparing the taxes?** In my house, I'm the chief financial officer. My husband and I both contribute to cover the bills, but I'm the one who physically writes the checks, rebalances the portfolios and hashes out the taxes. I'm more organized than him, so the task naturally fell to me, though you might find splitting the duties works well in your relationship.

Our arrangement doesn't mean I leave my husband in the dark, though. We have a date every month to go over the budget, review our saving strategies and progress, and discuss upcoming expenses, such as vacations and big-ticket purchases.

Paying your bills electronically is a great way to reduce the burden of this task. Or, you might consider using software such as Quicken or Microsoft Money to organize and track your finances.

No matter who ends up handling the bills in your marriage, make sure each partner knows where to find all the different account information, including Web sites, passwords and bill due dates in case anything should happen and the other person needs to take over the responsibilities.

7. **What is your tolerance for financial risk?** One of the biggest culprits in marital money fights is a mismatch of risk tolerance, says Jonathan Rich, author of *The Couple's Guide to Love and Money*.

"A lot of life's most important decisions involve weighing risks," Rich says. From investing strategies to career moves, if one of you prefers to take bigger risks in hope of bigger rewards while the other is content to play it safe, you could each end up resenting the other for his or her carelessness or for holding you back, says Rich.

Test your risk tolerance to see where you both stand. If you're on different ends of the risk spectrum, don't even try changing your spouse's point of view -- it won't happen. Instead, try to compromise on financial strategies that both of you can stomach.

Thinking Ahead For Your Future

Even if retirement is years away, you should consider what type of lifestyle you hope to maintain and plan for it.

Many employers offer pension and retirement plans, and investing in IRAs is an excellent option. It will take a lot of determination to start saving and investing for your retirement, but vigilant planning now will ensure future financial rewards and satisfaction.

The Securities and Exchange Commission's roadmap to saving and investing says, "Traveling down the right road to achieving financial well-being is one of the most important trips that you'll ever make in life. You don't have to be a genius to do it… and you don't have to be rich… you just need to hit the road and get started."

Tips For Retirement Planning

1. **Save as much as you can as early as you can -** Though it's never too late to start, the sooner you begin saving, the more time your money has to grow. Gains each year build on the prior year's -- that's the power of compounding, and the best way to accumulate wealth.
2. **Set realistic goals -** Project your retirement expenses based on your needs, not rules of thumb. Be honest about how you want to live in retirement and how much it will cost. Then calculate how much you must save to supplement Social Security and other sources of retirement income.
3. **A 401(k) is one of the easiest and best ways to save for retirement-** Contributing money to a 401(k) gives you an immediate tax deduction, tax-deferred growth on your savings, and -- usually -- a matching contribution from your company.
4. **An IRA also can give your savings a tax-advantaged boost -**Like a 401(k), IRAs offer huge tax breaks. There are two types: a traditional IRA offers tax-deferred growth, meaning you pay taxes on your investment gains only when you make withdrawals, and, if you qualify, your contributions may be deductible; a Roth IRA, by contrast, doesn't allow for deductible contributions but offers tax-free growth, meaning you owe no tax when you make withdrawals.

Before a couple sits down to have a premarital financial discussion, they should do some advance preparation. Separately, they should gather their important documents and records and answer some basic financial questions, such as: what are your assets, what is your current income, what are your current and potential liabilities, do you plan to maintain a separate checking account after the marriage and what insurance coverage do you have?

When couples sit down for a serious financial discussion, they should be ready to explore the questions above, plus other details outlined below:

- Money management style—How much do each of you spend and how much are you comfortable saving?
- Previous financial problems—Have either of you ever filed for bankruptcy or defaulted on a loan or other financial obligation?
- Tax liability—What do each of you pay in income taxes every year, and how will those amounts change if you file a joint tax return?
- Financial commitments—Do either of you have obligations to parents, children or other relatives to provide support or educational payments?
- Retirement income—What are your individual retirements plans? Is a portion of your retirement fund obligated to a former spouse?

Other things to keep in mind:

- You may also want to consider a pre-nuptial agreement.
- Be sure your wills accurately reflect your wishes. If you do not have a will, get one immediately.
- Consult a professional who can help you.

8. **What are our insurance options?** Adding a spouse to your health insurance may be cheaper than maintaining separate plans. Consider your specific health needs, then look at the costs and benefits of each person's plan choosing. Combining your auto-insurance coverage will probably also save you money. You'll want make sure you have enough homeowners or renters insurance to protect your combined possessions. And what about life insurance? Do you need it? If you already have some, either privately or through an employer, do you need to change your beneficiary information?

9. **How does your credit report look?** The good news is that simply marrying a person with bad credit will not drag down your stellar record. What's his is his and what's hers is hers. So, if you apply for a car loan by yourself, your spouse's credit report won't even enter the picture.

   But when it comes to applying for *joint* financing -- say, you plan to buy a house together -- lenders will consider both your histories. It's better to know ahead of time of any potential problems than to receive the shocking news in the mortgage lender's office that you're stuck with a higher interest rate, don't qualify for as much money as you'd planned or that you're being turned down for the loan entirely.

   Order copies of your credit reports. Thanks to a new law, you are entitled to a free copy each year from the three major credit bureaus through www.AnnualCreditReport.com. You and your partner should examine your reports, look for errors and fix them. Then, if there's room for improvement, come up with a plan to boost your credit score.

10. **How will we tackle existing debt?** Make a pact to pay off your debts. Start with the balances that carry the highest interest rates. (Find out what it will take to pay off your balances.) You may choose to work individually or collectively to pay off debts you accrued before the wedding, but don't add each other's names to your obligations. Also, consolidating your own student loans to lock in record-low rates is a good move -- but, again, don't merge your loans with your spouse's. The commingled debt would be nearly impossible to untangle should you ever divorce, and if one of you were to default, the other would be left holding the bag.

BASICS OF FINANCIAL PLANNING

After discussing the ten important questions listed in the article on the previous pages, it is essential that you and your partner create a detailed financial plan and budget, as well as set specific goals for your future.

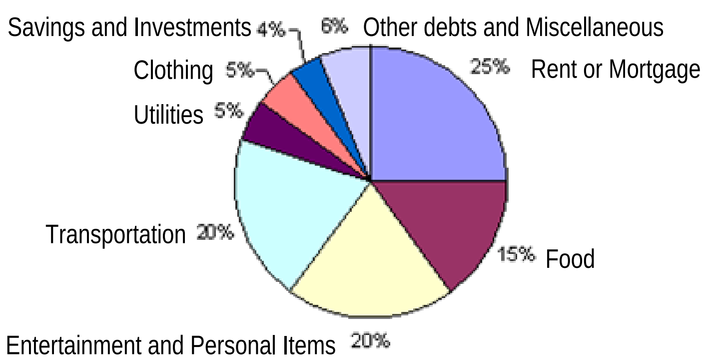
- Figure out your finances, what you each own and what you owe to lenders.
- Prepare a budget. Determine what your family will earn, and project your monthly expenses.
- Define long-term and short-term financial goals.
- Outline your comfort level and risk tolerance.
- Determine what you want and what you need today and in the future.
- Create a time line to chart the dates by which you hope to achieve that goal.

Creating A Budget

Successful spending plans are simple and easy to manage. To ensure success, keep your budget and spending plan simple. Find an easy way to create and maintain your list. If using a computer is easier for you, create your list on it in a program like Microsoft Excel. If you prefer, use paper and pencil. When it comes to making your budget, you want to find something you can stick with; so, use the method that best suites you.

How To Determine Your Expenses

List each of your regular expenses. Include rent, food, utilities, transportation costs, credit card bills, entertainment and social expenses, clothing, and any other miscellaneous expenses you may have like home improvement costs or loans you make regular payments on such as student loans. If you are completely new to a spending plan, below is an example of how much you should expect to spend on each portion of your budget each month. This is just a recommendation. Your spending plan may differ according to your needs.



Second Marriages

The basic concepts of financial planning pertain to all married couples. The following suggestions may be relevant to any married couple and may lessen financial complications in a second marriage.

Financial planning and compatibility may take a different and more complicated path in second marriages. Most couples entering a subsequent marriage know first hand how money (or lack of) can affect a marriage. Many people in second marriages have children of their own and existing financial obligations, liabilities and assets.

According to Census Bureau figures, the average first marriage that ends doesn't make it past the eighth year. Eight out of 10 divorced people remarry. Half do it within three years. But the second time around, they have the 401(k), the house, the kids.

Most of all, they now have their own way of doing things, which may be why even more subsequent marriages crash and burn than first marriages. A whopping 60% end up back in divorce court, half of them within seven years.

Many feel that having a conversation about finances before the marriage gives money too much priority in the relationship and can thus create problems. In fact, the opposite is true. Rather than preventing trouble, avoiding discussions about money can sabotage long-term happiness.

If financial matters are not addressed early on, major marital conflicts may develop as a result of some common money issues outlined below:

- undisclosed past financial problems (e.g., previous bankruptcies or credit issues)
- failure of one spouse to save for retirement
- inconsistency in child support payments from an absent parent
- income disparity between partners
- criticism of previous (pre-marriage) money decisions
- financial commitments to a previous spouse
- costs of raising children from a previous marriage
- college expenses for children
- changes in child custody arrangements
- inequity in the payment of household expenses
- financial commitments to parents, siblings and other family members

Here's a starter list for your brainstorming session.
This is a break-down of the average prices for baby items . Not all of these items are a necessity, and many can be purchased in great condition second hand.)

Crib with mattress- $160-$750 (Meeting the highest safety standards.)
Crib bedding set- $35-$270
Crib blankets (4-6)- $8-$40 each
Fitted crib sheets (2)- $8-$20 each
Water-proof mattress cover- $10-$20
Bassinet or cradle- $35-$260
Changing table- $70-$600
Changing pad & cover- $25-$50
Dresser- $90-$650
Rocker or glider- $90-$500
Car seat- $35-$280 (You can't even take the baby home without one!)
Stroller or travel system- $30-$300
Playpen or porta-crib- $60-$180
Swing- $45-$130
Play center or walker- $50-$125
Baby carrier or sling- $20-$140
Monitor- $20-$230
Baby gate- $35-$250
Bouncer seat- $30-$90
Toy box- $25-$90
High chair- $45-$240
Diaper bag- $10-$60
Diaper pail- $20-$45 Refills- $15-$20 (3 pack)
Thermometer- $10-$90
First aid supplies (kit)- $20-$30
Bottles 8 oz & 4 oz (8-10)- $10-$20 (3 pack) or $20-$40 (starter set)
Sterilizer- $30-$70
Breast pump & accessories- $45-$350
Breastfeeding pillow- $20-$35
Bath tub or seat- $15-$35
Wipes (a lot)- $4-$5 (pack)
Clothes for first year- $500-$1,200

Smaller items: Washcloths, diaper rash ointment/powder, nail clippers, nasal aspirator, baby wash/lotion/oil/shampoo, pacifiers, extra nipples for bottles, bottle brush, breastfeeding pads, burp cloths/ lap pads, bibs, receiving blankets, car seat head support (for newborns), toys & more toys.

Sample Spending Plan

Income	Budget	Actual	Difference
Job #1	$	$	$
Job #2	$	$	$
Other	$	$	$
Total Monthly Income	$	$	$
Expenses	Budget	Actual	Difference
Fixed Expenses			
Rent	$	$	$
Car insurance	$	$	$
Car payment	$	$	$
Credit card	$	$	$
Loan payment	$	$	$
Utilities	$	$	$
Food	$	$	$
Transportation	$	$	$
Gas and periodic oil changes	$	$	$
Parking and tolls	$	$	$
Bus fare	$	$	$
Other car repairs	$	$	$
Other Expenses			
Medical expenses	$	$	$
Clothing	$	$	$
Entertainment	$	$	$
Household items	$	$	$
Personal items	$	$	$
Phone and cable	$	$	$
Savings/Investments	$	$	$
Charity	$	$	$
Total Expenses	$	$	$

SAVING AND INVESTING

The best choice for you depends on when you will need the money, your goals and the risks you are willing to take.

Savings

Savings accounts allow you access to your money at any time. Savings can help meet unexpected expenses or allow you to acquire an item without taking out a loan or using a credit card. The account can serve as an emergency fund for you and your family. It is recommended that savings accounts contain three to six months of income to ensure it is there when needed for situations such as unemployment or illness.

Any money you have in a savings account or in a certificate of deposit (CD) at a federally insured institution is considered a deposit and is insured by the Federal Deposit Insurance Corporation (FDIC). You usually can obtain a refund of all of your money from a CD before it matures, though you will have to pay a penalty for early withdrawal.

Savings accounts are considered a “safe” place to deposit your money, however, they offer lower interest rates, which may not keep pace with inflation. Some people put money in savings but also invest for higher returns.

Investing

Securities investments carry some degree of risk. When you invest, you have a greater chance of losing your money, but you potentially could earn more money than when you save.

Before you invest your hard-earned money, you should define your investment goals and understand the product you are buying. If an investment affects your ability to meet your regular living expenses, it may not be suitable for you and your family. Consider how a loss would affect your budget should the investment fail to perform as expected.

Keep in mind, men and women tend to have different investment styles and viewpoints. One spouse may want to invest in high-risk stocks while the other would be more comfortable investing in mutual funds, which may offer more diversity and less risk.

How much do you need to save now? As much as you can save. Any funds left over make a great starter for a college fund. If you've amassed a considerable amount well before the due date, you can invest in a short-term CD or other insured investment. But don't tie up your entire fund in investments. Babies will not sign contracts, and they have not agreed to your schedule.

Set aside as much as you can every month in a savings account. The actual event of birth can be expensive as well as all the first time purchases you'll make. Don't forget to save some money for your maternity or paternity leave. This is usually unpaid time off work.

Have a brainstorming session with an experienced parent to figure out all the things you need to purchase before the delivery. It will be extremely helpful to have most of what you need before the baby is born..

When your baby is born, your financial picture changes drastically. Now it's more important than ever to create, maintain and stick to a budget. You now have someone depending on you to keep the family financial matters in order. A well-thought-out budget will be your most valuable tool in managing the family money.

Don't throw away your old budget. You can use it as a starting point for a new budget. Go through each of your expenses to see if they will change with your new baby. For example, your rent or mortgage will probably stay the same. But electric bills might increase if one person is planning to stay at home every day.

Add all the extra costs of raising a child into your budget. Another parent can help you identify what extra expenses might come up on a regular basis and what you can expect to spend on them.

On the next page you will find a list of possible first year expenses.

Finances and Family Planning

If you are considering adding a bundle of joy to your family in the near future, have you sat down and considered whether or not you are financially prepared to have a child? The US Department of Agriculture estimates that the average middle-income family will spend $250,000 raising a child until age 18 years - and that doesn't include private school tuition. *Brace yourself.* You will be spending much more than expected to buy things you never even considered. Start planning financially for having a baby as soon as you can - before conception if possible.

According to www.SureBaby.com, you can easily spend between $9,000-$11,000 (for diapers, formula, baby furniture, clothing, baby gear, etc.) in your baby's first year alone. If you go back to work right away, childcare can cost as much as $3,000-$4,500 in your baby's first year.

And don't forget about the delivery! It easily costs between $5,000-$8,000 for a normal vaginal delivery, up to $12,000 for a cesarean delivery and much more if there are complications. If you are covered by insurance, it may cover most of the cost.

For formula (up until your baby is one-year-old), expect to spend between $1,000-$2,300- depending on whether you use powder in a can or ready-to-pour liquids. Breastfeeding is completely free and will cut your costs dramatically. Decide on disposables or earth-friendly cloth diapers. Cloth diapering is relatively simple and financially rewarding, saving from a minimum of $2,300 to upwards of $5,000 in all until your child is potty-trained.

Baby clothing can cost anywhere from $500 to $1,200 for the first year of a baby's life. One recommendation from www.mommysavers.com, a site for mothers who want to "live well for less," is to buy clothing second hand, especially at garage sales. Because babies grow so quickly, they barely have time to wear out their cute little outfits. Often times, you can pick up used clothes in great condition for a dollar or even less. Parents receive so much baby clothing, that some still have the tags on clothing that have never been used. Don't be hesitant about buying "used" clothing. After all, it's a lot easier to watch your child spit up on his $1 sleeper than one you bought for $15.

Get Expert Advice

Indiana law requires securities and the people selling them to be registered by the State or to have the benefit of an exemption from registration. Call the Indiana Secretary of State's office at 1.800.223.8791, or go online to www.IndianaInvestmentWatch.com to find out if your investment professional is registered and to check their disciplinary history. Find a brokerage firm and investment representative who you can trust to meet your individual needs.

Investment Risks

(Risk vs. Reward)

Several key elements to consider before investing are:

- The greater the potential for profit, the greater the risk.
- Securities investments (stocks, bonds, mutual funds, etc.) are not federally insured against a loss in market value.
- Investments in securities issued by companies with little or no operating history or without published information may involve more risk.
- The past success of a particular investment is no guarantee of its future performance.

Remember – Investing is a life-long commitment, not a get-rich quick fix. Prepare a long-term investment strategy to make your money grow.

Savings and Investment Options

Certificate of Deposit (CD):
Banks and credit unions sell CDs, which are similar to U.S. savings bonds in that investors are lending money to an institution for a set period of time – six months, one year, two years, etc. The longer the term, the higher the return on an investment.

Corporate Bonds:
A corporate bond is a loan to a company that the company agrees to pay back within a set period of time, at an established interest rate. The longer the term, the higher the interest rate paid to the investor.

Money Market Accounts:
These are very similar to checking accounts but they offer a higher interest rate. Typically, a minimum deposit – $1,000 and higher – is required to open a money market account.

Municipal Bonds:
These are bonds issued by states, cities, counties and towns to fund public capital projects such as roads, schools, bridges and operating budgets. They are exempt from federal taxes and from state and local taxes for an investor who resides in the state where the bond is issued.

Individual Retirement Account (IRA):

An IRA is a tax-deferred personal account that allows employed individuals to set aside money for retirement. The contribution limit for IRAs in 2006 is $4,000, unless you are over 50, which then can be up to $5,000. There are two types of IRAs, traditional and Roth.

Earnings from a traditional IRA are tax deferred until withdrawals begin at age 59 ½ or later. Funds invested in a Roth IRA are pre-taxed, which means the earnings are tax free upon withdrawal at age 59 ½.

Mutual Fund:

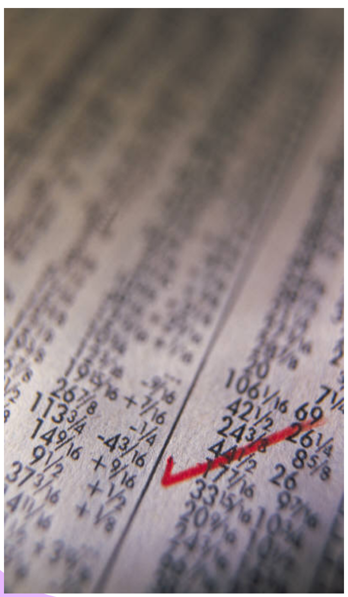
A mutual fund pools money from many investors and uses the money to invest in a portfolio of investments. Mutual funds can contain a variety of investments, including stocks, bonds and CDs. Mutual funds can be a great investment choice because investors enjoy the benefits of diversification without having to make all the buy/sell decisions, which are left to the mutual fund manager.

Real Estate:

Buying property is an increasingly popular investment, but it can also be very risky.

Savings Account:

Bank and credit union customers deposit their money, essentially lending it to the financial institution. In return, customers earn interest on their deposits.



Stocks:

Stocks represent ownership interests in a company. Companies issue stock to raise money, usually for start-up costs or to expand operations. Investor who buy the stock own a part of the company. This investment can have a higher element of risk because your return is dependent upon the success of the company, which in turn is vulnerable to a variety of market challenges.

U.S. Savings Bonds:

These are more formal than a savings account because a bond is a formal agreement with the federal government whereby the investor loans the government money in return for interest on the loan. The government agrees to pay interest after a set time period. A penalty fee is charged if an investor cashes in the bond before it matures.

SHARING FINANCIAL RESPONSIBILITIES

Men and women should be equally responsible for financial decisions and record keeping so that both are educated and prepared to deal with financial matters in case of an illness or death of their spouse or a dissolution of the marriage. It is particularly important for women to plan and take charge of their financial future. All women should be prepared in case they are responsible for their own finances at some time in their lives. According to a recent study in the Journal of Marriage and Family, a woman's household income drops by a third after divorce, while a man's declines by only 10 percent. After divorce, the percentage of women living in poverty increases from 20 percent to 30 percent, while men's poverty level remains relatively unchanged.

Some facts to consider about women and finances (taken from a 1996 National Center for Women and Retirement Research study into women's financial decision-making process):

- During the last decade mid-life divorce has tripled in the United States. One year post divorce, the average mid-life woman remains single with an average income of $11,300.
- Women statistically live an average of 7-9 years longer than men. In 1994, half of all women over the age of 65 were widows. Currently, the average age of widowhood in the United States is 56.
- The average woman earns 74 cents for every dollar a man earns, equal to about 25 percent less income each year.
- Women collect less Social Security and retirement benefits. In fact, the median income of women 65 and older in 1996 was $8,189. Over 58% of female baby boomers have less than $10,000 saved in a pension plan or 401(k) plan. In comparison, male boomers have saved 3 times more in pension programs.
- For every year a woman stays home caring for a child, she must work 5 extra years to recover lost income, pension coverage, and career promotion.